

III. INTEREST COMPUTATION UNDER GST

Section	Purpose	Rate	From	Till	Example														
50(1)	For delay in payment of – <ul style="list-style-type: none"> • Self-assessed tax • TDS/TCS Computed On <ul style="list-style-type: none"> - <u>Gross liability (If an invoice is not reported by due date, but paid through GSTR-3B at a later date)</u> [Or] - <u>Net liability (If GSTR – 3B of a month is filed after due date)</u> [Or] - <u>TDS/TCS payable</u> 	18% p.a.	1 st day after due date	Date of payment of GST	Invoices having GST of ₹80,000 not reported in GSTR – 3B of Nov 2022 and paid through GSTR – 3B of Dec 2022 filed on 28/01/2022, using ECRL – ₹60,000 and ECL – ₹20,000.														
			Due date of payment of tax is the due date of filing GSTR – 3B and in case of TDS/TCS it is the due date of filing GSTR – 7/8 respectively.	Can be paid using ECL (or) ECRL		Either date of filing return (GSTR – 3B/7/8) or DRC – 03.	<table border="1"> <tr> <td>Output Liability</td> <td>₹80,000</td> </tr> <tr> <td>Input Tax Credit</td> <td>₹60,000</td> </tr> <tr> <td>Net GST Liability</td> <td>₹20,000</td> </tr> <tr> <td>GST Pertains to</td> <td>Nov 2022</td> </tr> <tr> <td>Due date of payment</td> <td>20/12/2022</td> </tr> <tr> <td>Actual date of payment</td> <td>28/01/2023</td> </tr> <tr> <td>Period of delay</td> <td>39 Days</td> </tr> <tr> <td>Interest</td> <td>$₹80,000 \times 18\% \times 39/365 = ₹1,539$</td> </tr> </table>	Output Liability	₹80,000	Input Tax Credit	₹60,000	Net GST Liability	₹20,000	GST Pertains to	Nov 2022	Due date of payment	20/12/2022	Actual date of payment	28/01/2023
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Interest	$₹80,000 \times 18\% \times 39/365 = ₹1,539$																		
					GSTR – 3B of Nov 2022 with a gross liability of ₹80,000 filed on 28/01/2022. Tax paid through ECRL is ₹60,000 and through ECL is ₹20,000.														
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					Period of delay	39 Days
					Interest	$\text{₹}20,000 \times 18\% \times 39/365 = \text{₹}385$
50(3) A	Wrong availment and wrong utilisation of ITC	18% p.a.	From the date of utilisation	Date of reversal or payment of ITC	ITC wrongly availed	80,000
					ITC wrongly utilized	60,000
					Date of utilisation of ITC	20/12/2022
					Date of reversal of wrongly utilized ITC	28/01/2023
					Period of delay	39 Days
					Interest	$\text{₹}60,000 \times 18\% \times 39/365 = \text{₹}1154$
60(4)	In case any Tax amount becomes payable subsequent to finalization of the provisional assessment	18% p.a.	from 1 day after the due date of payment of Tax	Date of Actual Payment	Differential Liability	₹1,50,000
					Applied for Provisional Assessment	28/04/2022
					Due date	20/05/2022
					Actual Payment date	12/07/2022
					Period of delay	53 Days
					Interest	$\text{₹}1,50,000 \times 18\% \times 53/365 = \text{₹}3,921$
60(5)	In case any Tax amount becomes Refundable subsequent to finalization of the	6% p.a.	After expiry of 60 days from date of receipt of application of refund	Date of refund	Amount Refundable	₹50,000
					Application for refund	08/08/2022
					Expiry of 60 days	07/10/2022
					Interest start from	08/10/2022
					Actual Refund date	13/11/2022
					Period of delay	37 Days

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	provisional assessment				Interest	$\text{₹}50,000 * 6\% * 37/365 = \text{₹}304$
16	For non-payment of consideration + tax to the supplier by recipient within 180 days from the date of invoice	18% p.a.	From the first date after utilization of ITC	Date of addition of such ITC to liability and paid.	Invoice dated 01.08.2021	1,00,000 (+) GST of ₹12,000 (Utilized in Aug 2021)
					180 days from Invoice	28/01/2022
					Date of Payment to Supplier	16/03/2022- (Payment not made within 180 days)
					Interest start from	21/09/2021
					Date of addition to liability	20/02/2022
					Period of delay	153 Days
					Interest	$\text{₹}12,000 * 18\% * 153/365 = \text{₹}905$
17 read with Rule 42	ITC to be reversed w.r.to inputs and input services > ITC reversed on provisional basis	18% p.a.	1 st day of April of succeeding financial year	Date of payment of such difference	Mr. A Provided following Data with respect to FY 2021-22	
					ITC reversed on provisional basis	1,50,000 (Sum of all months in the year)
					ITC to be reversed	180,000 (Annual basis)
					Interest start from	01/04/2022
					Differential ITC paid on	31/05/2022
					Days	61 Days
					Interest	$\text{₹}30,000 * 18\% * 61/365 = \text{₹}902$

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17 read with Rule 43	Reversal of ITC pertaining to capital goods	18% p.a.	1 st day after Availment of ITC	Date of addition of proportionate ITC to output tax liability	Capital goods purchased on 1/4/2022 for ₹10,00,000 (Excl. GST @ 12%) and used for both taxable and exempted supplies	
					Monthly ITC	₹1,20,000(÷)60 = ₹2,000
					Exempted (÷) Total supplies for June 2022	40 lakhs (÷) 100 lakhs = 0.4
					ITC to be reversed	₹2,000 X 0.4 = ₹800
					Interest start from	21/05/2022
					GSTR – 3B of June filed	20/07/2022
					Period of delay	61 Days
					Interest	₹800 X 18% X 61/365 = ₹24
73 & 74	Interest on account of <ul style="list-style-type: none"> - Non-payment of GST (or) - Short payment of GST (or) - Wrong availment of ITC (or) - Wrong utilization of ITC (or) - Erroneous Refund 	18% p.a.	1 st day after due date (or) 1 st day after availment of ITC (or) 1 st day after refund date	Date of payment based on SCN (or) Order	<ul style="list-style-type: none"> ▪ This interest computation is similar to interest computation in Sec. 50(1) ▪ This interest is payable MANDATORILY, whether it is specified in SCN/ORDER (or) not. 	

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	By reason of Fraud (S. 74) or other than fraud (S. 73)				
76	Interest on amount collected as tax but not paid	18% p.a.	1 st day after collection of such amount	Date of payment of such amount	Amount collected representing as GST ₹69,000 on 17 th March 2021 and recovered by dept on 26 th August 2021 Interest start from 18/03/2021 Amount paid on 26/08/2021 Period of delay 162 Days Interest ₹69,000 X 18% X 162/365 = ₹5,512
39	Interest in case of QRMP Scheme – If tax (Either FSM or SAM) not deposited by 25 th of the next month [Applicable for first 2 months in a quarter]	18% p.a.	26 th of next month	Date of payment (i.e., deposit into ECL)	For June 2022, GST under FSM/SAM i.e., ₹3,00,000 paid on 31/08/2022 Interest starts from 26/07/2022 GST paid on 31/08/2022 Period of delay 37 Days Interest ₹3,00,000 X 18% X 37/365 = ₹5,474
39	Interest in case of QRMP Scheme – If FSM opted, and difference between actual tax and tax under FSM for the quarter not paid by due date	18% p.a.	1 st day after due date (22 nd or 24 th of next month)	Date of payment of difference	For the Quarter July to Sept 2022, GST paid under FCM for first 2 months of a quarter is ₹1,50,000 and actual tax for the quarter is ₹2,90,000 to be paid by 22/10/2022 but GSTR – 3B for that quarter filed on 31/10/2022. Interest starts from 23/10/2022

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					GST paid on	31/10/2022
					Period of delay	9 Days
					Int. computed on	₹2,90,000 (-) ₹1,50,000 = ₹1,40,000
					Interest	₹1,40,000 X 18% X 9/365 = ₹621
39	Interest in Case of QRMP Scheme – If SAM opted, and there is a difference between tax under SAM and actual tax for the first two month of a quarter [This is not applicable, if FSM opted]	18% p.a.	26 th of next month	Date of payment of difference	For June 2022, GST under SAM is ₹1,10,000 but actual tax is ₹1,50,000. Such differential is paid on 22/10/2022	
					Interest starts from	26/07/2022
					GST paid on	22/10/2022
					Period of delay	89 Days
					Int. computed on	₹1,50,000 (-) ₹1,10,000 = ₹40,000
					Interest	₹40,000 X 18% X 89/365 = ₹1,756
56	Interest on delay in refund – Refund sanctioned by officer	6% p.a.	61 st day from the date of receipt of application <u>In case of pre-deposit:</u> From the	Date of Refund	Particulars	Amount
					Amount Refundable	₹1,50,000
					Receipt of Appln./ Applied for Refund	08/08/2020
					Expiry of 60 days	07/10/2020
					Interest start from	08/10/2020
					Refund paid on	12/11/2020
					Days	36 Days

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			date of deposit		Interest	$\text{₹}1,50,000 * 6\% * 36/365 = \text{₹}888$
56	Interest on delay in refund – Arising on account of order of Adjudicating authority; Appellate authority	9% p.a.	61 st day from the date of receipt of application	Date of Refund	Particulars	Amount
					Amount Refundable	₹1,50,000
					Receipt of Appln./ Applied for Refund	08/08/2020
					Expiry of 60 days	07/10/2020
					Interest start from	08/10/2020
					Refund paid on	12/11/2020
					Days	36 Days
					Interest	$\text{₹}1,50,000 * 9\% * 36/365 = \text{₹}1,332$